Minutes of the Regular Commission Meeting of
Public Utility District No. 1 of Chelan County, Washington
June 3, 2019

The regular meeting of the Commission, of Public Utility District No. 1 of Chelan County, Washington, was held in the office of the District, 327 N. Wenatchee Avenue, Wenatchee, Washington, on June 3, 2019, at the hour of 9:30 am, pursuant to proper notice thereof. Meeting start time change was noticed via email by Commission President on May 30, 2019.

Commissioners present: Garry Arseneault, President
                         Dennis Bolz
                         Ann Congdon
                         Steve McKenna
                         Randy Smith

Staff present: Steve Wright, General Manager
              Erik Wahlquist, General Counsel
              Rebekah Garfein, Clerk of the Board
              Various staff

Others in attendance: Lee De La Torre, Diamond Foundry

Call To Order
• President Arseneault called the meeting to order at 9:32am

Executive Session
President Arseneault convened an executive session at approximately 9:33am to discuss with legal counsel agency enforcement actions, litigation, potential litigation to which the District or its board is, or is likely to become, a party, and/or legal risks, as authorized by RCW 42.30.110(1)(i) for approximately 30 minutes.

Regular Session Reconvened at 10:03am
• President Arseneault stated no votes were taken and no decisions were made during Executive Session

Pledge of Allegiance and Safety Minute
• Teka Sellers, Customer Outreach Specialist II, led the pledge and provided a safety minute on the District’s metallic balloon safety campaign

Agenda
• Resolution 16 was moved to the consent agenda; the agenda was approved as revised

Cycle of Personal Ownership (CPO) Recognition
(see Chelan PUD website for presentation)
• Steve Wright, General Manager, recognized the April CPO Winner - Evin Busey, Journeyman Wireman
2019 – 2020 Insurance Renewal Program
(see Chelan PUD website for presentation)
• Ron Gibbs, Insurance and Claims Manager, presented the 2019-2020 insurance program overview
• Ron has asked for quotes for additional coverage, should Commissioners choose to increase coverage
• We hired an engineering consultant to perform a mechanical breakdown risk assessment; no recommendations were given on how we operate or maintain our plants
• Anticipate a 7.7% premium increase for the coming policy year

Sunitch Canyon / Deadhorse Public Outreach Effort
(see Chelan PUD website for presentation)
• Chad Bowman, Director of Transmission and Compliance, and Steve Wickel, Transmission Engineering Manager, reviewed information that will be shared in outreach to Plain and Lake Wenatchee
• Chad reviewed background on alternative transmission lines that were first suggested ~25 years ago
• Will reach out to residents in Plain and Lake Wenatchee; anticipate there may be increased interest due to fire risk mitigation and increased reliability
• Options for transmission improvements, along with pros and cons of each, were reviewed
• Goal is to increase safety and reliability while reducing fire risk

Public Power Benefit Program
(see Chelan PUD website for presentation)
• Felicity Saberhagen, District Services Business Manager, reviewed Public Power Benefits (PPB) program funding, updates, and next steps
• Reviewed accomplishments under ongoing projects and presented three additional projects for funding consideration
  o Loop trail extension to the proposed Service Center
  o Purchase art pieces installed in the park
  o Fund day use passes for 2020-2022
• The PPB topic team recommends staff reevaluate the funding criteria to determine whether borrowing in the planning horizon should impact funding for the program; we have based our funding recommendations on past performance
• Staff recommends moving forward with budgeting $4M for PPB funding in 2020; the Commissioners gave a head nod of approval

Rock Island Facilities Update
(see Chelan PUD website for presentation)
• Brett Bickford, Director of Engineering and Project Management, and Sam Dilly, Project Manager III, gave an update on the Rock Island Support Facilities Improvement project
• As we gained more information, we were able to adapt the project to be more beneficial; this resulted in the combination of several buildings into one larger building C-22
• A new water reservoir and pump have been added to the project for fire suppression along with other utility improvements
• Deferred the C-19 building in order to stay within budget; will reevaluate that building at a later date
• Staff recommends proceeding with the project, while deferring the evaluation of building C-19

Proposed Hartford Steam Boiler Settlement Agreement
• Erik Wahlquist, General Counsel, reviewed the terms of the proposed settlement with Hartford Steam Boiler for claims related to C8-C11
• The total payment of $23,653,098 includes estimated repairs and business losses
MOTION
Moved by: Commissioner Smith
Seconded by: Commissioner Congdon
To approve the settlement with Hartford Steam Boiler as recommended
Approved: Unanimously

Manager Items
• Justin Erickson, Managing Director of District Services, gave an update on Strategic Planning
  o Surveys have been sent to all customer-owners; received 1100 responses so far
  o Justin spoke to the Chelan Rotary last week and will speak at Cashmere Rotary this week
  o 174 students participated in the student outreach at Pioneer Middle School
  o 25 students will participate in a Rocky Reach Field Experience on June 4
    ▪ Commissioner Arseneault will attend along with Senator Hawkins and Representative Goehner
• Andy Wendell, Director of Customer Service and Stakeholder Outreach, gave an update on the May 15 outreach in Lake Chelan
  o Reviewed outreach efforts to date on substation siting and transmission line and feeder hardening
  o The fire hardening project has broad support for option 1—rebuilding the entire line to the Union Valley substation
    ▪ Moving forward with outreach to adjacent property owners
  o Outreach efforts for the Chelan Dam substation revealed near-unanimous support for Site B, which is close to the load center and has a minimal aesthetic impact
    ▪ Next steps include engineering and feasibility study to review costs and constructability; will ask for public feedback when a more definitive layout is available
  o Broad support for transmission lines to start at Chelan Falls and follow the Gorge Road to the new substation; the Washington State Department of Fish and Wildlife has noted there may be potential impacts to wildlife and would like to discuss the route further

Commissioner Travel
• Lisa Sanders, Finance Admin Assistant, reviewed upcoming Commissioner travel

Recessed at 12:00pm and Reconvened at 1:02pm

Diamond Foundry Contract
• Lindsey Mohns, Customer Utilities Business Manager, noted we have not received any public comment on the Diamond Foundry Contract; no members of the public provided comment today
• Resolution 15. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO AN INTERCONNECTION AND SERVICE AGREEMENT WITH D FOUNDRY I LLC FOR ELECTRIC SERVICE UNDER RATE SCHEDULE 4, LARGE LOAD

MOTION
Moved by: Commissioner Bolz
Seconded by: Commissioner Congdon
To approve Resolution 15 as presented
Approved: Unanimously

• Lee De Le Torre, Diamond Foundry General Manager, thanked Commissioners for their positive vote and read a statement from the company (the written statement can be found on the Chelan PUD website)
Consent Agenda
(see Chelan PUD website for resolutions)

President Arseneault presented the consent agenda, which included the following items:

- Minutes of the May 13, 2019 Regular Meeting
  - Vouchers: Accounts Payable Summary Report dated May 29, 2019:
    - Vouchers totaling $36,042,718.21;
    - Approval of Customer Deposit Returns and Conservation Incentive payments for the period May 8, 2019 through May 28, 2019 in the amount of $36,833.96;
    - Approval of the net Payroll, Warrant Nos. 236511 through 236529 and Advice Nos. 673576 through 674377 for the pay period ending 05/12/2019 in the amount of $2,052,637.28;
    - Approval of Warrant Nos. 25631 through 25704 totaling $26,872.15 for claim payments from the workers' compensation self-insurance fund for the period ending May 28, 2019.

- Resolution 13. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1 AND 2, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 17-68 WITH HURST CONSTRUCTION, LLC OF WENATCHEE, WASHINGTON FOR THE LAKE CHELAN SURGE TANK SITE ACCESS IMPROVEMENTS AND AUTHORIZING PAYMENT OF RETAINAGE

- Resolution 16. A RESOLUTION AUTHORIZING AMENDMENT NO. 2 TO SERVICES AGREEMENT (SA NO. 15-101) WITH PERFICIENT, INC. TO PROVIDE IBM COGNOS, FILENET, AND TIVOLI MAXIMO SUPPORT AND ADDITIONAL LICENSE PURCHASES

MOTION
Moved by: Commissioner Smith
Seconded by: Commissioner McKenna
To accept the consent agenda as revised to include Resolution 16
Approved: Unanimously

Commissioner Congdon left at this time

Resolution 14
(see Chelan PUD website for resolution)

- Jack Nieborsky, Substation Electrical Engineer III, reviewed Resolution 14
  - It is possible we might rethink our specs in the future based on the alternative product offered, but we are on a tight timeline with a few substations

- Resolution 14. A RESOLUTION REJECTING THE BID OF GENERAL PACIFIC, INC. AND ACCEPTING THE BID OF ANIXTER, INC. OF PORTLAND, OREGON (BID 19-38) FOR SUPPLY OF SUBSTATION CIRCUIT SWITCHERS

MOTION
Moved by: Commissioner Smith
Seconded by: Commissioner Bolz
To approve Resolution 14 as presented
Approved: Unanimously

Manager Items

- John Wasniewski, Energy Analyst I, gave an update on the Lake Chelan lake level
  - Chelan runoff is currently at 70% of average water supply; we are just above our target elevation
  - Expect to have the lake level at 1098 feet by July 1

- Debbie Gallaher, Visitor Services Manager, and John Sagerser, Engineering and Project Management Manager, highlighted Department of Energy photo contest winners Karl Specht and Laura Stirling
  - Karl Specht, Mechanical Engineer II, submitted a picture of Rock Island
Laura Stirling, Visitor Services Support Specialist, submitted a picture of a rainbow over Rocky Reach. Photos will be displayed at the Department of Energy in Washington DC.

**Commission Items**
- Commissioners Smith and McKenna will be departing on Thursday for the APPA National Conference.
- Commissioner Arseneault reported on the Corporate Volunteer of the Year award the District received from the United States Energy Association in Washington DC.
- Commissioner Arseneault recognized that this week marks the 75th anniversary of the Normandy landing.

**Follow Up on Delegation of Action Items from the 5/13/19 Board Meeting**
- Gregg Carrington will provide a better understanding of the energy commitments graph in the Energy Resources Quarterly report.
- Rebekah Garfein will follow up with Peter Spadoni on a tour of Stemilt’s Olds Station campus for Commissioners Arseneault and McKenna.
- Rebekah Garfein will follow up on a tour for Commissioners of the infrastructure supplying the Diamond Foundry service once construction is underway – will be in the fall.

**Delegation of Action Items**
- Felicity Saberhagen will provide the loop trail extension project route once it is determined.

There being no other business, the meeting adjourned at 1:30pm.

President

Vice President

Secretary

Commissioner

Commissioner